



Rule Up For Discussion

Proposed Amendment to
WAC 230-40-610

Player-supported jackpots – Restrictions – Manner of conducting – Approval.

ITEM 9(a) at the October 14, 2005, Commission Meeting.		Statutory Authority 9.46.070 & 9.46.0282
Who proposed the rule change?		
John Mitchell, Drift On Inn Casino, Shoreline		
Why is this rule change proposed?		
<p>Card rooms offering poker may collect a 10% rake from players' wagers, up to \$5 each hand. For games that offer a player-supported jackpot (PSJ), up to \$1 may be raked from each hand and put towards the PSJ. Of the \$1 PSJ rake, card rooms may retain up to 10% as administrative fees. For example, if wagers total \$60, a card room could rake \$6 from the wagers (\$5 for the card room rake and \$1 for the PSJ rake); the card room would keep \$5, 10 cents would be charged as a PSJ administrative fee, and 90 cents would go toward the PSJ.</p> <p>The petitioner is requesting the rake limit be increased from \$1 to \$2. This could potentially double PSJ prizes available to players and double the administrative fees card rooms can collect. The petitioner states the increase would enable him to develop promotions to ensure strong guest relations and a continued growth of his player base. He also notes that his customers are asking for larger PSJs.</p> <p>PSJs give Class F and house-banked card rooms the ability to generate interest in a game by providing a way to offer jackpots which are larger than normally available on a hand. WAC 230-40-610 details requirements licensees must follow when operating a card game with a PSJ. For example, licensees must:</p> <ul style="list-style-type: none">-Develop rules for winning PSJ prizes and receive Commission approval, prior to offering the game;-Maintain records to track the collection of fees from players, and the accrual and distribution of PSJ funds;-Keep a separate bank account for PSJ funds and reconcile the account to the PSJ fund each month; and-Have Closed Circuit Television coverage on PSJ games. <p>Staff monitors PSJ compliance by conducting on-site inspections of card rooms at least three times a year. These visits normally last approximately two hours each. During these visits, records are reviewed to determine if:</p> <ul style="list-style-type: none">- Licensees have been following their approved PSJ rules of play;- Rake fees have exceeded the \$1 per hand limit;- Prizes are paid within 24 hours; and- Sufficient funds are available to pay prizes. <p>At the August Commission Meeting:</p> <ol style="list-style-type: none">1) Will Hubbell, Club Holiday Casino, testified in support of the petitioner's request to increase the rake.2) Gary Murrey, Recreational Gaming Association, asked that the \$1 rake limit be removed and that the amount of the rake be unlimited and left up to each card room to decide. While staff takes no position on increasing the rake from \$1 to \$2, staff would oppose an unlimited rake because it would divert more of the players' money from the original poker pot to the PSJ. It would also increase the incentive to cheat and require increased regulatory scrutiny. <p>Attachments:</p> <p>Petition for Rule Change and WAC 230-40-610</p> <p>Letter notifying Mr. Mitchell his petition will be discussed at the October 14, 2005, Commission meeting.</p>		
Statements against the proposed rule change.		
None at this time.		
Which licensees will be directly impacted?		
Class F and house-banked card rooms.		
What are the potential impacts to the agency?		
Minimal.		
Staff recommendation.		
Whether or not to allow this is a policy decision for the Commission.		

